



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: administration letter on pension reform
Da: Wednesday, Nov. 19, 2003

Sen. Chuck Grassley, chairman of the Committee on Finance, today made the following comment on a letter sent to him and other members of Congress by Treasury Secretary John Snow, Labor Secretary Elaine Chao and Commerce Secretary Don Evans on behalf of the Pension Benefit Guaranty Corp. The letter expressed the administration's opposition to a proposal that would give temporary relief to businesses with substantially underfunded pension plans.

"I'm disappointed in the letter from the administration officials. They're focusing on one component they don't like that's part of a larger package of needed reforms. Companies that would qualify for this relief would still be making their regular pension plan contributions. The deficit reduction contribution (DRC) is an 'extra' payment. It's not in lieu of ordinary pension funding requirements.

"In discussions earlier this year, PBGC staff agreed that the deficit reduction contribution (DRC) was improperly structured and that the payback period was too short. The Finance Committee's pension bill doesn't repeal the DRC. It simply gives short-term relief to the better funded underfunded companies so they'll have time to recover financially."